



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

DEC 08 2016

Via Email and Certified Mail No.: 7014 1820 0000 4722 5218
Return Receipt Requested

In Reply Refer to:
Meadow Gold Dairies
910 Sheridan St., Honolulu HI 96814

Doug Sheehan
Plant Manager
Meadow Gold Dairies
910 Sheridan St.
Honolulu, HI 96814

RE: Notice of Inspection Findings and Request for Information Pursuant to Clean Air Act
Section 114

Dear Mr. Sheehan:

On June 13, 2016 representatives from the U.S. Environmental Protection Agency ("EPA") Region 9 conducted an inspection of the Meadow Gold Dairies (the "Company") facility located at 910 Sheridan St. in Honolulu, HI (the "Facility") to determine the Facility's compliance with requirements under the Emergency Planning and Community Right-to-Know Act ("EPCRA") Sections 304-312, the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") Section 103, and the General Duty Clause, Section 112(r)(1), of the Clean Air Act ("CAA").

A summary of the inspection findings is provided herein for your information and response. These findings describe conditions observed at the Facility at the time of the investigation and identify potential areas of noncompliance with the CAA's General Duty Clause ("GDC"). Any omissions in the report shall not be construed as a determination of compliance with the GDC or any other applicable regulations.

Findings:

1. Potential Violation – CAA §112(r)(1) General Duty Clause, Hazard Identification

The Company failed to identify hazards which may result from accidental releases using appropriate hazard assessment techniques in that the Facility did not conduct an initial hazard assessment (Process Hazard Analysis) until May 2015.

2. Potential Violation – CAA §112(r)(1) General Duty Clause, Design and Maintain a Safe Facility

The Company failed to design and maintain a safe facility by taking such steps as are necessary to prevent releases in that:

- 8005 8 11 730
- a. Facility representatives indicated that the Company did not have documentation of a design basis for the pressure relief system that is in accordance with applicable Recognized and Generally Accepted Good Engineering Practices (“RAGAGEP”) [International Institute of Ammonia Refrigeration (“IIAR”) 2-2008, Section 11]. The May 2015 PHA recommendations status report indicated that this work had not yet been completed.
 - b. Documents provided by the facility indicated that some vessels did not have necessary pressure relief devices in accordance with RAGAGEP (IIAR 2-2008, Section 11.2.1). At the time of the May 2015 PHA, Pressure Relief Valves (“PRVs”) had not been installed on the following pieces of equipment identified in the facility document “Honolulu Engine Room Safety Relief Valve Summary June 22 2016.pdf”: V-3/EX-1; EX-1 Oil Pot; V-2 Oil Pot.
 - c. The facility failed to replace PRVs in accordance with RAGAGEP (IIAR 109 Section 4.9.7) which requires replacement at least every five years. Based upon direct observation, the PRVs on Compressor C-1 were tagged for replacement by November 2015.
 - d. The facility failed to limit access to the engine room to only authorized personnel in accordance with RAGAGEP (IIAR 2-2008, Section 13.1.2.4). A men’s room that is only accessible through the engine room is in general use for employees.
 - e. The engine room door connecting to the boiler room opened inward, in contrast to RAGAGEP (IIAR 2-2008, Section 13.1.10.1).
 - f. The closest eye wash station to the engine room was in the adjacent boiler room. The pathway in the boiler room to the eye wash station was cluttered with obstacles which could make access difficult in an emergency.
 - g. There was a general lack of adequate line labeling and component marking in accordance with RAGAGEP (IIAR 2-2008, Section 10.5 and IIAR 114 Section 4.2.2.2).
 - h. The action item list associated with the May 2015 PHA had items due for completion by the end of that year. However at the time of the inspection in June 2016, many of the action items remained incomplete.
 - i. The facility could not document any annual safety inspections pursuant to IIAR Bulletin 109 Sections 5.2 & 7 having been done. Similarly, the facility was not able to provide documentation of any 5-year mechanical integrity audits pursuant to IIAR Bulletin 110 Section 6.4.4 having been performed.

D. Sheehan, Plant Manager
Meadow Gold Dairies – Honolulu HI

With this letter and its enclosure ("Information Request"), EPA seeks additional information and documents concerning the Company's compliance with Section 112(r)(1) of the CAA, 42 U.S.C. § 7412(r)(1). This Information Request is authorized pursuant to Section 114 of the CAA, 42 U.S.C. § 9614. EPA believes that the requested information is, or should be, readily available to the Company. Your responses to this letter must be made by a letter, signed by a person or persons duly authorized to represent the Company. Please provide the requested information so that it is *received by January 30, 2017*. Submittals should be made electronically to the extent feasible. The Company's response should be directed to Address your submittal to:

Jeremy Johnstone (SFD-9-3)
Environmental Engineer
U.S. Environmental Protection Agency, Region 9
75 Hawthorne St.
San Francisco, CA 94105
johnstone.jeremy@epa.gov

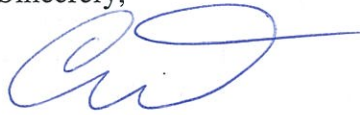
Please note that, pursuant to regulations located at 40 C.F.R. Part 2, Subpart B, you are entitled to assert a business confidentiality claim covering any part of the submitted information as defined in 40 C.F.R. § 2.201(c). Asserting a business confidentiality claim does not relieve you from the obligation to fully respond to this letter. Failure to assert such a claim makes the submitted information subject to public disclosure upon request and without further notice to you, pursuant to the Freedom of Information Act, 5 U.S.C. § 552. Information subject to a business confidentiality claim may be available to the public only to the extent set forth in the above-cited regulation. EPA has the authority to use the information requested herein in an administrative, civil, or criminal action. In addition, EPA has not waived any rights to take enforcement action for past or future violations.

The Company's compliance with this Information Request is mandatory. Failure to respond fully and truthfully may result in an enforcement action being taken in accordance with Section 113 of the CAA, 42 U.S.C. § 7413. This may include penalties of up to \$93,750 per day of noncompliance. In addition, the submission of knowingly false or misleading statements may be punished by a fine pursuant to Title 18 of the U.S. Code, or by imprisonment for not more than two years, or both.

If you have any questions regarding the Information Request, please contact Jeremy Johnstone of my staff at (415) 972-3499 johnstone.jeremy@epa.gov, or have your counsel contact Tessa Berman, Assistant Regional Counsel, at (415) 972-3472 or berman.tessa@epa.gov. We thank you in advance for your cooperation.

D. Sheehan, Plant Manager
Meadow Gold Dairies – Honolulu HI

Sincerely,

A handwritten signature in blue ink, appearing to be 'EM', with a long horizontal stroke extending to the right.

Enrique Manzanilla, Director
Superfund Division

Enclosure

cc (via email w/enclosure):

J. Johnstone, U.S. EPA Region IX

T. Berman, U.S. EPA Region IX

N. Stone, Dean Foods

A. Adams, HFD

F. Grange, HDOH HEER



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105**

Enclosure

Information Request
Meadow Gold Dairies - Hawaii

Please provide the information requested in the Information Request section of this Enclosure such that it is *received* by no later than **January 30, 2017**.

INSTRUCTIONS

1. Please provide a separate response to each request, and identify each response by the number of the request to which it corresponds. For each document produced, identify the request to which it is responsive.
2. Knowledge or information that has not been memorialized in any document, but is nonetheless responsive to a request, must be provided in a narrative form.
3. The scope of this Information Request includes all information and documents obtained or independently developed by the Company, its attorneys, consultants or any of their agents, consultants, or employees.
4. The Company may not withhold any information from EPA on the grounds that it is confidential business information. EPA has promulgated regulations, under 40 CFR Part 2, Subpart B, to protect confidential business information that it receives. The Company may assert a business confidentiality claim (in the manner specified in 40 CFR § 2.203(b)) for all or part of the information requested by EPA. However, business information is entitled to confidential treatment only if it satisfies the criteria set forth in 40 CFR § 2.208. EPA will disclose business information entitled to confidential treatment only as authorized by 40 CFR Part 2, Subpart B. If no claim of confidentiality accompanies the information at the time EPA receives it, EPA may make it available to the public without further notice.
5. Notice is hereby given, pursuant to 40 CFR § 2.301(h), that EPA may disclose confidential information provided by the Company to EPA's authorized representatives, including its contractors. Confidential information may be disclosed to EPA's authorized representatives for the following reasons: to assist with document handling, inventory and indexing; to assist with document review and analysis for verification of completeness; and to provide expert technical review of the contents of the response. Pursuant to 40 CFR § 2.301(h), the Company may submit, along with its response to this Information Request, any comments regarding EPA's disclosure of confidential information to its authorized representatives.
6. If information or documents not known or available to the Company at the time of its response to this Information Request later become known or available to it, it must supplement its response to EPA. Moreover, should the Company find at any time after the submission of its response that any

portion of the submitted information is false or misrepresents the truth, the Company must notify EPA as soon as possible and provide EPA with a corrected response.

7. If information responsive to a request is not in the Company's possession, custody, or control, identify the persons or entities from whom such information may be obtained. For each individual or entity that possesses responsive information, please provide the following: name, last known or current address, telephone number, and affiliation with the Company or the Facility.

8. If you believe there are grounds for withholding information or documents that are responsive to this request, e.g., attorney-client privilege, you must identify the information or documents and state the basis for withholding.

DEFINITIONS

The following definitions apply to the following terms (words or phrases) as they appear in this Information Request. Defined terms are enclosed in quotation marks:

1. "You" or the "Company" shall mean Meadow Gold Dairies, or its officers, managers, employees, contractors, trustees, partners, successors, assigns, and agents.

2. "Facility" means all buildings, equipment, structures, installations, pipes, or stationary items owned, leased, or operated by the Company, at the property or properties located at: 910 Sheridan St., Honolulu, HI 96814 or contiguous or adjacent to that address.

3. As used here, "document" and "documents" shall include writings of any kind, formal or informal, whether or not wholly or partially in handwriting (including, by way of illustration and not by way of limitation), any invoice, receipt, endorsement, check, bank draft, canceled check, deposit slip, withdrawal slip, order, correspondence, record book, minutes, memoranda of telephone and other conversations (including meetings, agreements and the like), diary, calendar, desk pad, scrap book, notebook, bulletin, circular, form, pamphlet, statement, journal, postcard, letter, telegram, telex, report, notice, message, analysis, comparison, graph, chart, interoffice or intra office communications, photo-stat or other copy of any documents, microfilm or other film record, any photograph, sound recording on any type of device, any disc or other type of memory generally associated with computers and data processing (together with the programming instructions and other written material necessary to use such disc other type of memory). The terms "document" and "documents" include (a) every copy of each document that is not an exact duplicate of a document which is produced, (b) every copy that has any writing, figure or notation, annotation or the like, (c) drafts, (d) attachments to or enclosures with any documents and (e) every document referred to in any other document.

4. All terms not defined herein shall have their ordinary meaning, unless such terms are defined in the Clean Air Act or its implementing regulations at 40 CFR Part 68, in which case the statutory or regulatory definitions shall apply.

INFORMATION REQUEST QUESTIONS

1. Provide a response to each numbered and lettered Finding in the transmittal letter accompanying this Information Request, indicating if the Company accepts or disputes the Finding.
 - a. If the Company agrees with the factual basis for the Finding, indicate if the Company is presently in compliance with the cited requirement.
 - i. If the Company is presently in compliance with the cited requirement provide the following information:
 - A. The Company's first date of non-compliance;
 - B. A description of what activities the Company undertook to come into compliance; and
 - C. The date on which the Company came into compliance.
 - ii. If the Company is presently not in compliance with the cited requirement provide the following information:
 - A. The Company's first date of non-compliance;
 - B. A description of what actions the Company will undertake in order to come into compliance; and
 - C. The date by which compliance will be achieved.
 - b. If the Company disputes the factual basis for the Finding or any portion of the Finding, including the dates asserted for each potential violation, provide the basis and supporting documentation for each such assertion.
2. For each Finding provide cost information relating to work undertaken, planned, or considered to correct identified deficiencies. Cost information may be either actual or estimated and shall be disaggregated by: a) one-time costs (such as for engineering and permitting); b) capital costs (such as for equipment); and c) incremental annual operation and maintenance costs relative to the Company's level of effort as that existed in May 2016. For each cost item provided indicate if actual or estimated.
3. For the Facility as well as for each other facility owned by the Company and located at 11 Railroad Ave., Hilo HI 96720 and 1841 Leleiona St., Lihue, HI 96766, provide the following information:
 - a. A description of the ammonia refrigeration system ("ARS");
 - b. A flow diagram of the facility ARS;
 - c. A facility plan view that shows the location of major ARS components;
 - d. The year that the ARS commenced operations;
 - e. A description of major modifications made to the ARS;

- f. Which industry codes and standards were used in the design and construction of the ARS and its modifications;
- g. A copy of the last hazard review/process hazard analysis, including the recommendations that resulted from the analysis from the ARS. Describe how these recommendations are resolved and tracked to completion;
- h. A copy of procedures developed to maintain the on-going mechanical integrity of the equipment associated with the ARS;
- i. A copy of the facility Emergency Action Plan or Emergency Response Plan, as prepared pursuant to OSHA requirements at 29 CFR § 1910.38(a) or 29 CFR § 1910.120(q), respectively;
- j. The number of employees at the facility and the number of employees responsible for operating the facility ARS;
- k. For each ARS indicate whether each of the following safety measures are in place. For ease of responding, this question has been set up in a checklist format.
 - i. Understanding the Hazards Posed by the System:
 - Facility has completed a process hazard review/analysis to identify the hazards posed by the System(s), following industry standards.¹ If so, provide the date of this hazard review. ☐ Yes Date _____ ☐ No
 - ii. Operating Activities:
 Hazard Addressed: High risk of release from operating or maintenance activity
 - System(s) has self-closing/quick closing valves on all oil pots. ☐ Yes ☐ No
 - Facility has written procedures for System maintenance and operation activities. ☐ Yes ☐ No
 - Only authorized persons have access to refrigeration machinery room and the ability to alter safety settings on equipment. ☐ Yes ☐ No
 - iii. Maintenance/Mechanical Integrity:
 Hazard Addressed: Leaks/releases from inadequate maintenance
 - A preventative maintenance program is in place and being implemented to, among other things, detect and control corrosion, deteriorated vapor

¹The recommended industry practice and standard of care for ammonia refrigeration systems of this size would be to identify hazards using industry checklists, a What-if analysis, or a Hazard and Operability study. See e.g., the International Institute of Ammonia Refrigeration's ("IIAR's") *Ammonia Refrigeration Management Program* (2005), Section 10; EPA's *Guidance for Implementation of the General Duty Clause Clean Air Act Section 112(r)(1)*, available at <http://www.epa.gov/oem/docs/chem/gdcregionalguidance.pdf>; and IIAR Bulletin No. 110, *Start-up, Inspection and Maintenance of Ammonia Mechanical Refrigerating Systems* (1993, rev. 2002) Section 5.2.1 [The owner shall confirm that a Process Hazard Analysis has been completed and that recommendations have been resolved or implemented.]

barriers, mold and ice buildup, pipe hammering and ensure adequacy of equipment/pipe supports. ☐Yes ☐No

- All piping system openings are plugged or capped. ☐Yes ☐No
- Equipment, piping, and valves are labeled for easy identification, and pressure vessels have legible, accessible nameplates. ☐Yes ☐No
- All pressure relief valves have been replaced in the last five years. ☐Yes ☐No

iv. Machinery Room

Hazard Addressed: Inability to isolate releases

- Each System has emergency shut off and ventilation switches outside the refrigeration machinery room. ☐Yes ☐No
- Each machinery room has functional, tested, ventilation. Air inlets are positioned to avoid recirculation of exhaust air and ensure sufficient inlet air to replace exhausted air. ☐Yes ☐No

v. Emergency Actions

Hazard Addressed: Inability to regain control and reduce release impact

- Emergency response communication has occurred with the local emergency planning committee and local responders. Provide the date of the last communication. ☐Yes Date_____ ☐No
- An Emergency Action Plan or Emergency Response Plan has been developed. ☐Yes ☐No
- The System's critical shutoff valves are accessible and identifiable. ☐Yes ☐No
- If respirators are used, employees know where the respirators are located, and the respirators are inspected and maintained per manufacturer or industry standards. ☐Yes ☐No
- Eyewash station(s) and safety shower(s) is/are present and functional. ☐Yes ☐No
- The facility has ammonia detectors and alarms to detect a release of ammonia. ☐Yes ☐No

4. Provide a statement discussing the Company's relationship with its parent, and the ownership structure of each of the three facilities identified above.
5. Provide a statement and supporting documentation indicating both the Company's present net worth and gross revenues for calendar and/or fiscal year 2016.